

**Mr Paresh Bodhani of Birmingham, United Kingdom  
CIMA Disciplinary Committee meeting held 28 June 2021**

References in this decision to Regulations are to those in the Institute's Royal Charter, Byelaws and Regulations (2020) and references to Rules are to the Institute's Disciplinary Committee Rules 2020, in both cases unless otherwise stated.

**The Charge**

The Charge against the Respondent provided as follows:

**"Factual Allegations"**

1. You are a registered member with the Chartered Institute of Management Accountants ('CIMA').
2. You signed an independent examiner's report for a Charity' dated 4 March 2020 for the year ended 31 September 2019.
3. The accounts for the Charity did not meet the Charity Commission's minimum benchmarks as the statement of financial activity contained in the accounts does not identify, within the statement's heading, that an income and expenditure account is included.
4. The accounts for the Charity do not include in the notes to the accounts a related party disclosure.
5. In an email from you dated 12 June 2020 the reason given for not including the related party disclosure indicated a lack of understanding of the full definition of a related party.

**Misconduct Allegations**

By reason of the facts alleged above, it is alleged that you are guilty of misconduct as defined by Byelaw 1 of the Institute's Royal Charter Byelaws and Regulations (December 2018 and April 2020 versions). In particular you have failed to comply with the Laws of the Institute by breaching the fundamental principles of the Code of Ethics (January 2020 versions): Professional competence and due care – (Sections 110.1A1(c) and R113)"

**Findings of Fact**

The Respondent admitted the facts of the Charge, as set out in the application for a Disciplinary Committee Meeting dated 28 April 2021. On the basis of admissions made by the Respondent, the Committee found the facts proved. However, and for the avoidance of doubt, the Committee also considered the relevant documents relied upon by CIMA in relation to each allegation of fact.

The Committee was satisfied that all the facts were proved on the Respondent's admission, supported by the documentary evidence.

**Misconduct**

The facts having been found proved, the Committee considered the matter of misconduct. CIMA's Byelaws and Regulations define "misconduct" as "failure to comply with the Laws of the Institute." The Laws of the Institute include the Code of Ethics.

In relation to the charges (set out above), the Committee made the following findings: The Committee found that overall, the Respondent's failures were serious and amounted to misconduct. The Committee noted that by undertaking to act as the independent examiner for a charity, the Respondent was duty-bound to ensure that he acted with due care and with professional competence. The Committee considered that the Standards of Recommended Practice (SORP) existed in order to protect the public, the Charity and to maintain professional standards. The Committee was concerned as to Allegations 4 and 5 in particular. By failing to provide a related party disclosure in the notes to the accounts, the Respondent was in breach of the Charities SORP and potentially put the public and the Charity at risk of financial harm. The Committee was also mindful that this particular charity received large amounts of public funds in the form of housing benefits.

In respect of Allegation 5, the Committee considered that the Charities SORP glossary is perfectly clear that a parent of a trustee (as it was in this case), is a "related party". The Committee was concerned that the Respondent, in his email dated 12 June 2020 expressed the erroneous view that a trustee's parents were not related parties, because it was the parents who had an interest in it, not the trustee.

Whilst the Committee considered that the facts of Allegation 3 on their own may not amount to misconduct, it was satisfied that the factual allegations 3, 4 and 5 taken together amounted to serious professional misconduct.

### **Mitigation and Sanction**

Having found misconduct as alleged, the Committee went on to consider the questions of mitigation and sanction. In considering what sanction (if any) to impose, the Committee had regard to the Indicative Sanctions Guidance and to the advice of the Legal Assessor. It also had regard to the principle of proportionality and that the sanction imposed should be the least onerous suitable to reflect the seriousness of the misconduct.

The Panel took into account the following aggravating and mitigating factors. The Committee considered that the Respondent has demonstrated a lack of insight and remorse which is an aggravating factor. The Committee noted that in his representations to CIMA dated 25 June 2021, the Respondent sought to deflect responsibility for his misconduct onto the Charity and the Trustees. Whilst the Committee accepted that there was no financial misreporting or deliberate wrongdoing in the accounts, the Committee considered that the Respondent should have, in the circumstances, taken extra care to ensure that the accounts complied with the Charities SORP. If the Respondent did not know or was unsure about any particular matter, he should have sought appropriate advice and/or assistance.

As mitigating factors, the Committee took into account that the Respondent prior to this hearing, had admitted all of the factual allegations and had cooperated with the investigation, albeit such was his duty to do so.

In considering the appropriate and proportionate sanction, the Committee was of the view that the misconduct was too serious for an admonishment or a reprimand. The Committee noted that a reprimand would be appropriate where the misconduct was of a minor nature and that there was no continuing risk to the public. The Committee did not consider the Respondent's misconduct to be of a minor nature and given his lack of insight and remediation, such as

providing evidence as to his knowledge of the Charities SORPs there remained a risk to the public.

The Committee did however consider that the Respondent's misconduct did not require expulsion from the Institute. The Committee was satisfied that the appropriate and proportionate sanction was a Severe Reprimand with costs of £1,825.00.